

NORTH LANARKSHIRE COUNCIL

REPORT

To: NORTH AREA LOCAL AREA PARTNERSHIP		Subject: CAPITAL EXPENDITURE AND RECEIPTS IN THE CUMBERNAULD AREA
From: DIRECTOR OF FINANCE		
Date: 26 th February 2007	Ref: AC/LM	

1.0 Introduction

1.1 The last meeting of the Local Area Partnership expressed interest in the level of capital expenditure and receipts in the Cumbernauld area. This report provides members with further information on the arrangements in place for the Council's capital budget.

2.0 Capital Expenditure Programme 2006/07

2.1 The Council plans to spend £77.8m in 2006/07. The main areas of spending are as follows:

	£m	%
Community Services	10.3	13.2
Education	19.8	25.5
Housing – Grants	5.1	6.6
Housing – Property Services	6.6	8.5
Planning & Environment	29.6	38.0
Social Work	3.5	4.5
Corporate	2.9	3.7
Total	77.8	100.0

2.2 The Council's Capital Investment Strategy aims to support the ambitions of the Council as set out in the Corporate Plan. Its purpose is to ensure a planned approach to the management of all its assets. The strategy provides an agreed basis for determining spending priorities for maintenance, new investment, reinvestment and disposal decisions. Given the scarcity of resources and the competing needs of services, expenditure need is assessed corporately to ensure that priorities are set on a consistent and equitable basis.

2.3 The capital expenditure programme 2005/06 to 2007/08 identifies £187m of investment in general services and £125m on housing. Key investment in the North Area includes:

- Investment in office accommodation, including the completion of Bron Way
- Provision of community sport and recreation facilities at Broadwood Stadium
- Further investment in the school estate including major upgrades, expansion of the education provision north of the A80 and support for the Education 2010 project
- Initiating a rolling programme of upgrading for the industrial property portfolio
- Upgrading the civic amenity sites to create Recycling Centres
- Investing in the Council's infrastructure, including bridge works, roads refurbishment and management and street lighting
- Investing in the Council's housing stock

3.0 Capital Funding

3.1 The capital expenditure programme for 2006/07 is funded from various sources:

	£m	%
Council funding (Prudential Borrowing)	26.1	33.0
Capital receipts	28.1	35.5
Government grants	23.7	29.9
Other	1.3	1.6
Total	79.2	100.0

3.2 For 2006/07, capital receipts form just over one-third of the total funding of capital expenditure. The Council is currently considering its capital investment plan for 2008/09 to 2011/12 and capital receipts are estimated at £10m per year out of total funding of £50m.

3.3 Since 1996, the level of capital receipts is summarised as follows:

Total Capital Receipts	Cumbernauld Area	Other areas of North Lanarkshire Council
£m	£m	£m
98.6	50.0	48.6

3.4 It is straightforward to identify and quantify the level of capital receipts raised in a particular area as each individual disposal is specific to a particular asset. The same cannot be said in respect of capital expenditure. Large programmes such as strategic waste initiatives, and roads, footpaths and street lighting are not recorded on a geographic basis. Such programmes accounts for approximately 50% of all capital expenditure within North Lanarkshire. Since 1996, £412m has been spent on capital and, therefore, approximately £206m can be identified on an area basis. Of this, £61m is directly attributable to the Cumbernauld area.

3.5 Almost all of the receipts generated from within the Cumbernauld area to date arose from assets passed to the Council as part of the Wind Up of Cumbernauld Development Corporation. The assets that transferred were calculated to provide a notional income stream to offset additional revenue costs associated with the transfer. (This arrangement was proposed by the Scottish Office as a means of reducing ongoing revenue grant obligations on the government.) The asset transfer was designed to compensate the Council for additional revenue costs of £2.5m per annum. This cost with inflation from 1996 to date is calculated to total £32m.

4.0 Recommendation

4.1 The Local Area Partnership is asked to note the contents of the report.



Director of Finance